



BUSINESS  
ACADEMY  
SOUTHWEST

# Public-private partnership in esport events



## List of contents

<b>Introduction</b> .....	2
<b>Methodology</b> .....	4
<b>Limitations.</b> ....	4
<b>What is esports and is esports actually a sport?</b> .....	4
<b>What is esports?</b> .....	4
<b>The ecosystem of esports</b> .....	5
<b>Is esports a sport?</b> .....	7
<b>Adjusted methodology</b> .....	11
<b>Public-private partnerships in sports and experience economy</b> .....	12
<b>Elements of the partnership</b> .....	12
<b>Facilities</b> .....	12
<b>Financial investments</b> .....	12
<b>Infrastructure</b> .....	13
<b>Education</b> .....	13
<b>Formalized strategy</b> .....	13
<b>Motivations for establishing the partnership</b> .....	14
<b>Positive (non-monetary) externalities</b> .....	14
<b>Public KPI's</b> .....	14
<b>City branding and image-fit</b> .....	14
<b>Tourism and multiplier effects</b> .....	15
<b>Interdependencies between private and public investors</b> .....	15
<b>Conclusion and implications for further research</b> .....	16
<b>Bibliography</b> .....	17

# Public-private partnership in esports events

By Mathias Lenholdt, Kris Fairbrother Svane, Morten Gellert Kätow and Henriette Lodberg Bach

Business Academy Southwest, Esbjerg, Denmark

## Introduction

*"You are sportsmen. You are truly sportsmen.."*

These were the spoken words of the now former Danish Prime minister Lars Løkke Rasmussen, when he held the opening speech at the BLAST Pro Series in Copenhagen in the fall of 2018 (Bentsen, 2018). This statement was something that really pleased the crowd of 12.000 people. It almost seemed as if it was something that the community of esports had been longing for; An important public figure, acknowledging the field of esports and showing an understanding of the potential that lies within this industry.

Because, if you dig into the universe of esports, it will come to your attention that this is not just a hobby anymore. It is not merely locally hosted LAN-parties for the few who are truly dedicated - it is indeed big business and it targets an ever-expanding audience. According to Newzoo, an analytics company with an esports focus, the esports economy is set to surpass the \$1 billion revenue milestone in 2019. A large part of this revenue comes from sponsorships (Pannekeet, 2019), as well as advertising and broadcasting (Pannekeet, 2019; Ballard, 2018). The viewer base is increasing to reach around 454 million, consisting of nearly 252 million occasional viewers and 202 million esports enthusiasts (Pannekeet, 2019).

Within this industry, there is also a movement towards upscaling esports events (Pannekeet, 2018). Newzoo reports that the combined hours of spectatorship for these events, grew by 6,9% in 2018 (based on the four biggest esports games and their tournaments, with a total of 190.1 million viewing hours) (Pannekeet, 2018).

This includes an increasing amount of physical attendance (Jenny, et al., 2018), as seen in for example Denmark, where the Blast Pro Series is held in the newly build Royal Arena with a capacity of 17,000 spectators (Royal Arena, n.d.). However, these physical attendants count for nothing compared to the viewer pool online (Keiper, Manning, Jenny, Olrich, & Croft, 2017). A research paper on spectatorship in Australia presents an example of the Intel Extreme Masters in 2017 in Sydney, where 7000 people attended physically, and at a peak of concurrent viewers, 1.3 million people were watching the games online (Gibbs,



Carter, Cumming, Fordyce, & Witkowski, 2018). Even more extreme was the IEM World Championship held in Katowice Poland, with 173,000 people physically attending, and a staggering number of 46 million viewers online (Elder, 2017). Even though these numbers aren't the same as for example the Super Bowl, it is not far from, since the Super bowl in 2019 attracted 98.2 million viewers (Handley L. , 2019). Add to this the downwards spiraling viewership numbers of fx. the Super Bowl (Handley L. , 2019) and you have an interesting development to say the least.

With a billion-dollar industry and booming viewership, there should be no doubt that this new economy is worth looking into. So, for the reasons listed above, this paper explores esports and in particular esports events. Additionally, this paper wants to look into the partnership between the public authorities and private esports event coordinators and planners. As stated above, the words from the Danish prime minister was something new to this; that the public authorities had an interest and acknowledged esports and esports events.

However, this is not the whole story. There have in fact previously been public interest into esports. Especially if you take Denmark as an example, where the public interest in esports is actually seen in other areas of the industry. For example, more and more elementary schools are starting to offer esports as electives (Sandemand & Thomsen, 2017), and the same goes for boarding schools (Andersen S. , 2017) and High schools (Lundt, 2017). These schools provide pupils with training and knowledge about esports and, of course, many training hours.

Public institutions are also beginning to invest specifically in esports events. Lately the capital region in Denmark invested 1 million DKK (about 135,000 €) in an annual esports event in Copenhagen, Copenhagen games, with the reasoning of positioning and promoting educational opportunities within the region (Butt, 2019). And finally, apart from the above, esports also caught the interest of the Danish military. The Danish air force is specifically looking into recruiting esports athletes into air traffic controllers, because of their cognitive skills and their ability to make immediate decisions and switch between important roles (Bollerslev, 2019).

According to a small documentary made by theScore esports, these circumstances could be seen as some of the contributing factors to explain why Denmark is so good at esports (theScore esports, 2019), and in the written moment Astralis - a Danish CS:GO-team, is currently one of the best teams in the world according to ESL (ESL, 2019).

So, this is where the paper wants to continue its research with the following research question:

**Which factors are relevant for public-private partnerships in relation to e-sport events?**

## Methodology

The aim of this analytic paper is to cover the existing field of research within public-private partnerships in the esports industry. This needs to be done to an extent that allows for a presentation of well-argued factors that enables these partnerships. In order to achieve this, the paper will be structured based on **1)** an initial description and analysis of esports in general, **2)** a discussion of public-private partnerships, **3)** a presentation on how public-private partnerships in esports events are carried out, and **4)** as a result of these steps the paper will summarize the decisive factors for public-private partnerships in esports. Finally this paper is going to suggest implications for further research.

## Limitations.

When talking about partnerships, a question to ask is to which degree a partnership actually exists. Is the partnership a close one, or is it a more arm's length partnership? Is it a "collaboration" or is it an actual "partnership"?

These considerations are important in regards to how the partnership is build and operationalized, with "partnerships" being established on (contractual) agreements and "collaborations" being an act of working together to achieve something (Cambridge Dictionary, n.d.). Each definition certainly has its impact throughout the process of working together, but for the time being this study is not going to distinguish between these definitions of partnerships as it would limit the research and the objective for now. It is an interesting and important area to consider, which is why research regarding this should be taken into consideration later on.

## What is esports and is esports actually a sport?

For now, this paper has presented some of the economically interesting facts concerning the esports industry but hasn't really established an understanding on the concept of esports. This is why this section takes its starting point in doing so.

Additionally, and more importantly, this section is also going to look into the theory and discussion that currently exists within the literature, to shed a light on whether or not esports is an acknowledged sport, and why this characterization might be important for the paper's further conclusions.

## What is esports?

According to Hamari and Sjöblom (2017) esports (short for electronic sport) can be defined as: "a form of sports where the primary aspects of the sport are facilitated by electronic systems; the input of players and teams as well as the output of the esports system are mediated by human-computer interfaces" (Hamari & Sjöblom, 2017). Put in another way, esports is the contest between individuals or teams through an



electronic game, where computers are the media, but it is still humans who controls the avatars and makes the decisions.

Within this definition, it is important to understand the difference between gaming and esports, as these two concepts might be perceived as the same, which they are not, according to the literature. According to Llorens (2017), gaming is “*the activity of playing video games*” (Llorens, 2017), and multiple online dictionaries define a *gamer* as either “*one who plays a game, especially a role-playing or computer game*” (The free dictionary, n.d.) or very similar “*A person who plays video games or participates in role-playing games*” (Oxford Living Dictionaries, n.d.). This involves playing video games of all sorts. This includes games that are merely made for the experience and storyline, like the old - but very popular - Crash Bandicoot AND esports games like Fortnite. However, this being said, not all games can be esports games (Llorens, 2017). According to Llorens, esports games are in short those games that has a competitive purpose when played online or at LAN competitions and those games that requires a lot of skills and abilities like body control, precision, and concentration, in order to master the game (Llorens, 2017).

At the written period of time, some of the biggest games within esports are: League of Legends (LoL), Counter strike: Global offensive (CS:GO), Hearthstone, Player unknown battleground (PUBG), Fortnite, Starcraft 2, Overwatch and FIFA. All of these fit into the description above as games where you compete against others in order to win and demand some kind of skill in order to master the game. These are divided into subgroups of genres within esports (Hamari & Sjöblom, 2017). To begin with there are the multiplayer online battle arenas (MOBA), where the very popular game *LoL* fits into this category. Then the first person shooters, as *CS:GO*, which is particularly popular in Denmark because of the before-mentioned *Astralis* team, but also because of teams like *North* and *Heroic*. Then there are card games like *Hearthstone*, real time strategy like *Starcraft*, sports video games like *FIFA* and lately the Battle Royal games like the famous *Fortnite* game. So like the traditional sport industry with different sport types, esports also has a lot of different subcultures (Hamari & Sjöblom, 2017). When it comes to esports games, players aren't defined solely as gamers, but also esports athletes (Hamari & Sjöblom, 2017).

### The ecosystem of esports

In order to further explain esports, an ecosystem within the industry will be presented (see figure 1). This ecosystem looks kind of familiar when relating it to e.g. football; teams play the game in different tournaments (often sponsored by commercial companies), and fans watch these either at stadiums or via e.g. broadcasting networks. But an example of where esports is differentiated compared to other competitive sports, is by the ownership of the game itself. No one owns football for example. Fifa, in this case, controls and regulate football but doesn't own football as a game. In esports this is different. Here



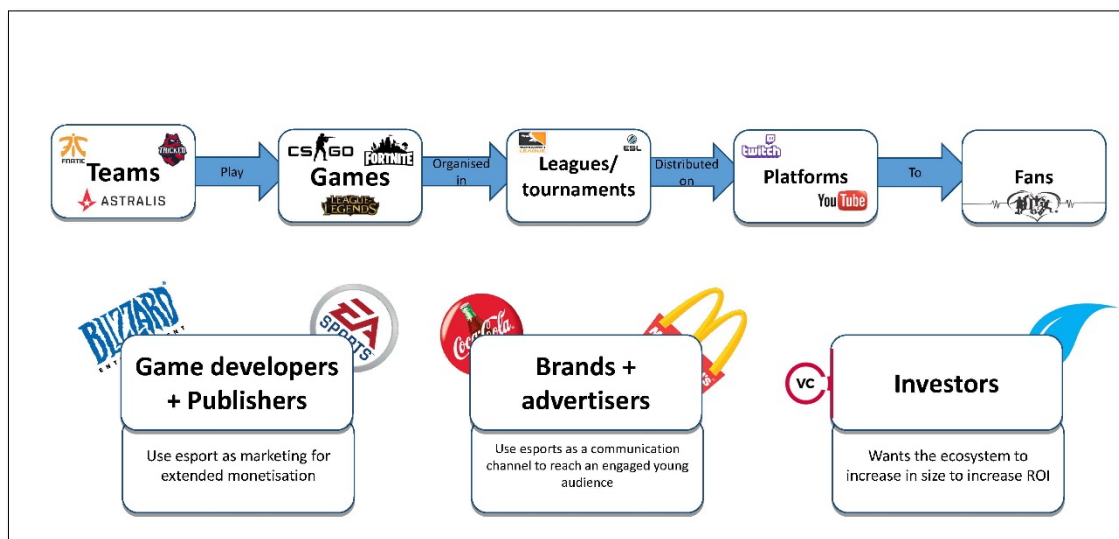
publishers and commercial corporations like Activision Blizzard, Riot Games, Epic Games and EA actually own the games played. This makes it special because the designs, the controls, and the motion of avatars, actually the whole coding of the game, are developed and designed by game publishers (Llorens, 2017). For this reason, esports events are always under influence of the publishers and their coding of the game. As an example, Counter Strike once had shields in the game, making it hard for the opponent to shoot and kill the targets using these shields. This feature was however removed later on, and is not available in the current version of Counterstrike; CS:GO, meaning players have to figure out other ways to avoid fatalities.

Other aspects worthy of mentioning in the ecosystem, are the platforms for spectating esports events. Esport is currently accepted by different broadcasting networks like BBC and ESPN, but it hasn't always been this way, which makes it a rather new thing (Llorens, 2017). Instead, esports have historically been highly broadcasted at streaming services like Twitch and Youtube (Elliot, 2019). A special feature for a platform like Twitch is that people can interact with each other in real time, when spectating a game. This sometimes results in written conversations between people watching esports, and through this socialization, spectators tend to create their own small communities (Hamilton, Garretson, & Kerne, 2014).

Stadiums and venues are also a bit different in this industry - or at least they are becoming different. A lot of the venues used in esports tournaments today are venues constructed for other purposes like "traditional" sports or other kinds of entertainment (Jenny, et al., 2018). To be mentioned again, the Royal Arena in Denmark, which is the place for the Blast pro series Copenhagen (CS:GO), also hosts concerts with superstar artists such as Ariana Grande, sports events like the World Championship in gymnastics, and more (Royal Arena, n.d.). But the trend is moving towards stadiums built solely for the purpose of esports events (Bloom, 2019). These stadiums focus on the specific infrastructure needed for esports where the newest and most upgraded technology within the field is rather important. Additionally, esports venues are often smaller in size, accepting fewer physical spectators, and have a large center-stage, on which the teams compete (Jenny, et al., 2018). This is partly done in order to accommodate the off-site streaming experience.

Finally, fans themselves sometimes also differ from the "normal". As already stated, the interest in esports is rising, attracting lots of different people to esports events. This counts for both those who play games themselves, and those who want to be entertained by the phenomenon and the events (Gibbs, Carter, Cumming, Fordyce, & Witkowski, 2018). Additionally, and something that seems to be quite unique for some esports events, are the cosplayers (Brenda, 2017). A cosplayer is a person who dresses up like their favorite character in a game, and show up at events as this character, and within the esports event industry this is rather common (Brenda, 2017).

**Figure 1 – The ecosystem of esports**



Source: Made with inspiration from: (The Esports Observer, n.d.)

### Is esports a sport?

There seems to be strong consensus in the academic society that running a 1500-meter race or playing a game of football is to be considered sports. When it comes to esports it's a whole different discussion. Whether to define esports as a sport in the traditional sense of the word seems to be one of the hot potatoes in the academic discourse. First of all, the "traditional sense of the word" is up for discussion. Whether sports is defined by physical contact or whole-body skills and control (Parry, 2018) or that sports must have a degree of acceptance (e.g. by media or sport agencies) inspired by (Taylor & Gratton, 2000) seems for the time being to be defined by the eye of the beholder.

There is an understanding in the literature that in order to get some of the benefits other sport activities get (sponsorship, tax benefits, status etc.) esports needs to be seen as a real sport, which is why this is indeed a very important discussion for the industry (Hallmann & Giel, 2018; Llorens, 2017; Jonasson & Thiborg, 2010).

In the case of Denmark, sports organizations are very much depending on governmental support, and can, through e.g. the Danish lottery systems profit, get economical support. Additionally, sport associations in Denmark get benefits from municipalities, when it comes to rent of facilities, endowments for sports facilities and other direct financial subsidies (DIF, n.d.). Esports did succeed in getting funding from the lottery money pool back in 2017 in Denmark (Palludan, 2017), but was not at the time (and still isn't) fully accepted by the National Olympic Committee and Sports Confederation of Denmark, even though this institution supports the area as a cultural phenomenon (Andersen J. , 2019).



This leads to the further discussion on esports and whether or not esports is a sport. At the center of this discussion seems to be the qualification of sports through the notion of physical activity. Perspectives of physical activity is defined by for example “[activation of] skeletal muscles that requires energy expenditure” (WHO, 2018) or by the increase in stress hormone cortisol and the heart rates (Rudolf, Grieben, Achtzehn, & Froböse, 2016). Again, the choice of definition seems to be the deciding element in whether one would qualify esports as a sport or not. It does however appear that the acceptance of physical activity is a crucial dimension towards a general qualification of esports as a sport (Cunningham, et al., 2018).

Another main factor towards a mainstream qualification of esports as a sport seems to be the degree to which it can be organized and institutionalized. Hereby implying that if there aren’t an overall body taking care of rules, administration, and official competitions through e.g. leagues, it might be hard to justify esports as a sport. The following sections will be centered around this discussion and arguments for and against will be presented.

With a strong opinion about esports not being a sport we have Parry (2018) with his essay called “*E-sports are Not Sports*”. Parry discusses the topic by using six criteria with inspiration from the Olympic Sports to clarify that esports aren’t sports. The six criteria are as following: Sports need to be **human** activities, they need to be **physical**, they require some kind of **skill**, there has to be a **contest** element in them, they have to be **rule-governed** and lastly, it is important that they are **institutionalized** (Parry, 2018). Parry continues by saying that esports can be seen as a rule-governed contest but conclude that esports aren’t sports because of the missing human element. According to Parry, esports is inadequately human and lack physicality and whole-body control and skills, which is why it can’t be seen as a sport (Parry, 2018). A problem when it comes to institutionalization, according to Parry, is that while there is some kind of organization behind the different events and leagues, the games that are played, are owned and made by commercial companies, and this isn’t in line with the Olympic definition of sports.

Others, who agree with Parry on the conclusion that esports isn’t a sport use a similar approach. Hallmann & Giel (2018), use the definition from the Council of Europe and a whitepaper made by the European Commission that describes sport as: “*all forms of physical activity which, through casual or organised participation, aim at expressing or improving physical fitness and mental well-being, forming social relationships or obtaining results in competition at all levels*” (European Commission, 2007). Hallmann & Giel also conclude that esports isn’t sports due to the physical part, but at the same time credit esports athletes on their ability to master eye-hand coordination and speed of action, as well as the strategic and tactical understanding that stresses these athletes as much as “normal” athletes when it comes to



physiological stress (Hallmann & Giel, 2018). Hallmann & Giel also mentions the organizational barrier and the missing structure when it comes to esports and how this hinders esports in the clear definition as a sport. However, all this being said, Hallmann and Giel, are confident that esports are going to be labelled a sport and perhaps even eventually be included in the Olympic Games, due to for example the ever-raising acceptance of the industry, both commercially but also from various public entities.

This notion of working with scenarios, that Hallmann & Giel presented, was also something that occupied Jonasson and Thiborg back in 2010 (Jonasson & Thiborg, 2010). Also using a definition on sport, this time a definition from Allen Guttmann (Guttmann, 1978), Jonasson and Thiborg actually say that the physical part in esports is so complex because of the diversified coordination required. On this basis of this notion, Jonasson and Thiborg conclude that esports *deserves* to be characterized as a sport, but because of the missing acknowledgement of large international sports associations it cannot be justified to characterize esports as a sport just yet. As mentioned, Jonasson and Thiborg also thought about the future of esports and came up with three scenarios for how esports would fit into the whole “sport or not a sport” discussion: The first scenario they presented revolved around a belief that esports could be a counterculture or an alternative to sport. This would mean, that it never gets the same status, but still has a lot of people engaging in it. Second scenario could be that esports is as much a sport as other “normal” sports, and lastly, Jonasson and Thiborg presented the final scenario in which they speculate that in the future esports might become the dominant form of sport. An illustrative example of this scenario could be having Formula One racing virtually instead of real life, due to fx. climate changes etc. (Jonasson & Thiborg, 2010)

Hereby the views on why esports isn't a real sport, where the debate concentrates on either the physical part, the human part or the organizing part as reasons for why esports isn't a sport.

There is also another part of the academic arena; those who agree with the claim that esports in fact is sport or at least thinks esports should be seen as *a kind* of sport (Seo, 2013; Llorens, 2017; Hamari & Sjöblom, 2017; Heere, 2018; Funk, Pizzo, & Baker, 2018). An example of such researcher is Llorens, who directly discusses the conclusions from Jonasson and Thiborg. Some of the things Llorens mentions is that there are in fact plenty of physical elements in esports that requires both skills, but also motor and body control (Llorens, 2017). Llorens additionally discusses that since 2010 there have been significant development within the institutionalization of esports, which should lead to Jonasson and Thiborgs conclusions not being valid anymore. An example of the development within the institutionalization of esports could be the ESL. ESL is an organizer of esports tournaments that somewhat streamline the industry. Within the ESL umbrella there are large tournaments like ESL One, Intel Extreme Masters, and ESL Pro League (ESL, n.d.). Besides this there are also other tournaments like the already mentioned Blast Pro series, but ESL seems to be one

of the more important organizers, especially within the Counter Strike game. Additionally, ESL, in joint efforts with many of the leading esports teams, created the World Esports Association (WESA) in 2016. This was done in order to professionalize and standardize the industry (WESA, 2016). As a result of this movement in esports, Llorens accepts that we are currently experiencing the second scenario from Jonasson and Thiborg (Llorens, 2017), who stated that esports could become part of the hegemony of sports (Jonasson & Thiborg, 2010).

Other views regarding why esports is to be defined as a sport is found in Heere (2018). Heere doesn't really state that esports is a sport directly, but more that the discussion on esports as a sport is very polymorphic. He states that if you ask public entities with a health concern for the population, esports shouldn't be characterized as a sport due to the lack of physical activity. However, if you listen to young people, the community within esports, the commercial stakeholders and even some public entities, esports should be seen as a sport (Heere, 2018). Examples of this can be seen in numerous examples and adds perspectives to the discussion; If you look to the US, esports athletes do in fact get visas under same circumstances as other professional athletes, when they participate in tournaments (Tassi, 2013). In Denmark, the National Olympic Committee and Sports Confederation of Denmark and the biggest organization for sports associations DGI, also support esports with both educational, concept development and monetary support, in order to enhance and cultivate esports in Denmark (Andersen J. , 2019; DGI, n.d.). Another significant example of recognition appeared when the Asian Games in 2018 in Jakarta, accepted esports as part of the games, but as a "demonstration sport" with no official medal provided (OCA, 2018; Hayward, 2018). In extension to this, The International Olympic Committee (IOC) are also currently having discussions about whether to include esports as "demonstration sport" in the 2024 Olympic Games in Paris (BBC, 2018; Pollack, 2019). Tech giant Intel have come out in strong support of these considerations. In addition, esports was actually announced to be an official medal sport in the 2022 Asian games in China (Graham, 2017), but has been put on hold for now, due to lack of a governing body (Elsam, 2018). Last, but not least, the whole industry in its self is booming as stated in the beginning of the paper, with millions of people watching esports and billions of dollars being poured into the esports economy

Accepting these trends and circumstances, and because Heere doesn't think it is up to the scholars to decide whether or not esports is a sport, he present the idea of esports to be seen in the light of sportification<sup>1</sup>. In doing so one can to continue the research on esports within the field of sports and explore

---

<sup>1</sup> *Sportification means to either: (a) view, organize or regulate a non-sport activity in such a way that it resembles a sport and allows a fair, pleasurable, and safe environment for individuals to compete and cooperate, and compare their performance to each other, and future and past performance; or (b) add a sport component to an existing activity in order to make it more attractive to its audiences* (Heere, 2018)

the synergies within. The further research in this paper is therefore justified by the conclusions presented by Heere and the examples presented in the section above.

Further justification for the progress of this paper is based upon Pizzo et al (2018). Looking at spectator motives Pizzo et al. came to the conclusion that traditional sport and esports are similarly consumed, which is why one can manage esports events similarly to traditional sport events (Pizzo, et al., 2018).

Motives and reason for why people play and watch esports is also a hot topic within the academic society of esports. Looking at players and their motives for playing and besting electronic games, researchers found (not surprisingly) that competition, challenge, social interaction among friends and escapism are important aspects of playing esports games (Lee & Schoenstedt, 2011; Weiss, 2011). These are also some of the important factors for those who watch esports. Here the motives for watching esports are of a hedonic character, as well as learning and escapism (Sjöblom & Hamari, 2016; Hamari & Sjöblom, 2017). It is worth noticing that a lot of the esports spectators are actually also gamers. Not all of them, but quite a few are (Gibbs, Carter, Cumming, Fordyce, & Witkowski, 2018). Gibbs et al. have tried to segment esports spectators, and found three segments (Gibbs, Carter, Cumming, Fordyce, & Witkowski, 2018); The *players* who watch esports events because they play themselves and want to improve their skills, hence the learning factor presented above. The *fans* who are similar to classic sport fans by cheering on their favorite team and love attending events where they follow their favorite team and last the *recruits* who do not necessarily play the games but see events as a very interesting thing and enjoy the gaming culture.

These motives and gratification perspectives calls for the second approach for further investigation; experience economy industries. According to Seo (2013), esports and esports events can be seen in the light of Pine and Gilmore's 4E framework<sup>2</sup> (Seo, 2013), which for example supports the already mentioned escapism, and hedonic consumption, which is why this paper also seeks other industries within the experience economy besides sports and esports industries in order to find factors that might be relevant for successful public-private partnerships. Doing this twist naturally creates some kind of bias towards the validity of the findings. Therefore, this literature review cannot stand alone and must be validated through further research, but more on this later on in the implications and future research section of this paper.

## Adjusted methodology

Turning the focus back upon the initial question, that this paper set out to answer, the following section will revolve around the discussion of public-private partnerships. Through a broad literature review, this paper

---

<sup>2</sup> Escapism, Esthetic, Educational and Entertainment are the factors in the experience economy. For further knowledge please look at Pine & Gilmore: The experience Economy – Work is Theatre and Every Business a Stage. Harvard Business School Press, 1999.

was not able to isolate specific factors for successful public-private partnerships in relation to e-sport events and the esports industry. No academic papers strongly highlighted these factors, and as a result hereby, this paper must continue its search for such factors within other industries. Firstly, due to the discussion presented above on the definition on sports, this analytic paper is going to look for relevant factors for partnerships in the traditional sport industry. This will be done based on an acknowledgement that esports is still subject to an academic conflict of definition, but also based on the acceptance of esports under the scope of sportification. Furthermore, the following sections of the paper builds upon an acceptance of esports as an experience economy, based on the elements previously presented. This makes the adjustments in the methodology acceptable.

## Public-private partnerships in sports and experience economy

This section deals with public-private partnerships related to the sport and experience economy industries. Firstly elements upon which public-private partnerships are build, and secondly the motives for these partnerships are presented. This gives an idea of which factors are relevant in industries close to the esports industry and through the discussion above seems valid to answer the research question.

### Elements of the partnership

#### Facilities

There seems to be a strong consensus in the existing literature, that private event actors are primarily looking for support in terms of capital investment or access to facilities such as stadiums or arenas. Amongst a broad variety of sources, both (Storm & Brandt, 2008, s. 107), (Almlund, Bang, & Brandt, 2007) and (Slack, 2004) confirms this notion. Typically this sort of public-private partnership materializes in private actors renting publicly owned stadiums like fx the local football club in Esbjerg (Mathiesen, 2017) or West Ham Football Club renting the London Olympic Stadium (Kershaw, 2018). In both these cases, and perhaps most famously in the latter, there have been controversy around whether the index-adjusted annual rent is actually a genuine market rent or a “hidden” subsidy that allows public support in the form of covering costs higher than the costs of the tenancy agreement (BBC Sport, 2018). Nevertheless, it seems safe to say, that from smaller local events to large events such as the Olympic games, public support in relation to the availability of physical facilities is fundamental.

#### Financial investments

In addition to public support through availability and/or production of facilities, the direct and indirect capital investments or subsidies also plays a significant role. Defined by the legal constraints of a particular country (Ibsen & Eichberg, 2006) or e.g. EU competition laws, public investments into private events are

often justified by a public health aspect (Storm & Brandt, 2008) , a city-image building aspect (Dragin-Jensen & Kwiatkowski, 2018; Richards & Palmer, 2010) or general promotion of business and public knowledge and well-being (Ministry of Industry, Business and Financial Affairs, 2017). This particular area of the public-private partnerships have been and will most likely continuously be influenced by both political currents such as New Public Management (Slack, 2004) and the scrutiny of the general public discourse. It is nonetheless also a fundamental part of the existence and further development of the majority of private events.

### Infrastructure

The third major area of public investment into private events is focused on the infrastructural investments, which are often a derived cost for public entities supporting private events. Vast research have been conducted into especially the investments that cities such as London, Rio de Janeiro and Beijing have had to make in order to accommodate the Olympic Games, but researchers such as Preuss indicates that infrastructural are also fundamental to private actors on a smaller scale (Preuss, 2006). For esports events infrastructure could mean anything from parking space to internet speed.

### Education

Having an educational structure to support the flow of (updated) competencies is vital to any industry. Storm & Brandt describes the value of public investments into education as crucial for the industries' competitive advantage. In the documentary "why is Denmark so good at esports?", one of the key factors is indeed the supports that goes into the educational system (theScore esports, 2019).

### Formalized strategy

Another foundation of public-private partnerships in the event industry is the ability to establish formalized deals and collaborative strategies. Weihe (2008) describes how having a formal deal prior to the establishment of the partnership might lead to successive partnerships (Weihe, 2008). It does however not guarantee it. The Danish Ministry of Cultural affairs states that a formalized (national) strategy is necessary in order to both secure a healthy environment and progress in terms of economic growth and jobs creation within the industry (Ministry of Cultural affairs, 2019). Adding to the notion of having a formalized strategy is also the perspective of time. Hodge & Greve noted that a willingness to engage in long-term commitment is a determining factor for the establishment of public-private partnerships (Hodge & Greve, 2016).

These 5 above-mentioned factors make out what could be used as a framework of definition for further research focused on exploring public-private partnerships in esports events. It is deemed relevant to use these factors when making an attempt to qualify the level of partnership and potentially a correlation

between high levels of partnerships and the perception of that partnership being successful.

## Motivations for establishing the partnership

### Positive (non-monetary) externalities

The underlying factors, that enables these public-private partnerships seem to be both varied and numerous. Downward et. al. describes how *expected positive externalities*, such as e.g. increased social well-being of citizens or promoting educational opportunities, are a determining factor in public decision-making processes regarding investments into private events (Downward, Dawson, & Dejonghe, 2009). In short, this means that the allocation of public resources should be based on a calculation on where the public can expect the highest return on investment (often measured in increased standards of living, perceived social inclusion or increased general happiness). So the factor here is a cost-benefit based view on allocation of resources. Along the same lines we find Storm & Brandt who describes how public investments into *smaller* events can often result in satisfying ROI, as the investment is smaller but the attraction of e.g. tourists can be relatively high, compared to the investment (Storm & Brandt, 2008). Similar to Downward et. al. Storm Brandt also indicates that ROI should not be determined from a monetary point of view but rather a cultural policy point of view.

### Public KPI's

Osborne presents the factor of public entities having a legitimate, visionary and knowledgeable private partner as a catalyst for e.g. job creation, decreasing youth crime or other fields of interest relevant to the particular area (Osborne, 2000). Private event partners can function as an efficient allocation of resources as a means to achieve (local) public KPI's, which is a corner stone of the philosophy of New Public Management, as described by (Slack, 2004).

### City branding and image-fit

Preuss takes on a more external and image-oriented view when it comes to factors that determines whether or not public-private partnerships succeed in forming. Focusing on the long-term effects of events, Preuss stresses how politicians expected ability to “bask in the reflected glory” of (successful) private events are important to whether these politicians decides to allocate resources or not. The area of city branding and image-fit has also been extensively covered by Dragin-Jensen and Kwiatkowski (Dragin-Jensen & Kwiatkowski, 2018).

### Tourism and multiplier effects

Events and experience economy as a whole have notoriously been connected to an ambition of increased tourism. Increased tourism leads to increased revenue in local business and thereby increased tax revenue and/or jobs creation. The expectation of events as catalyst for increased tourism is widely covered by e.g. Nielsen, Fønnesbech-Sandberg & Rich and Shellard (Nielsen, 2008; Fønnesbech-Sandberg & Rich, 2017; Shellard, 2004). Fønnesbech-Sandberg & Rich and Shellard presents a monetary-based view on working with a variation of a multiplier effect, where public investments should be evaluated on the basis of how revenue generated through private events might circulate the local economy and thereby stimulate economic growth. A potential clash of interests here could be the previously mentioned development strategy of esports facilities (see “the ecosystem of esports”), where facilities are being built with a smaller on-site capacity for physical attendees and an increased focus on accommodating off-site streaming experiences. Public entities might therefore have to review their methods of calculating multiplier-effects, as this development strategy fosters less people physically attending the local area, but in return generates more people becoming aware of the city or area.

### Interdependencies between private and public investors

There seems to also be a mutual dependency between private sponsors of events and public investments. Notably the overview of the esports ecosystem (see figure 1 of this reports) illustrate the interdependencies between commercial advertisers, investors (public or private) and the supply chain that connects teams and fans. The dynamics of these interdependencies, where private investors might be “on the fence” awaiting either public investments or commercial advertisers (and vice versa) is something that is widely unexplored within current research. Nagel & Sugishita (Nagel & Sugishita, 2016) reviews the motivation of commercial advertisers and Seo (Seo, 2013) explores “the experiential value network of esports consumption”, but neither manages to include the (potential) correlation between private and public investors seeking out legitimacy through each other. It is recommended that further research sets out to explore whether there is in fact a restraining mechanism in play here, where both parties awaits investments from each other, before being willing to invest themselves. This could potentially lead to events being underfunded or not invested in at all.



## Conclusion and implications for further research

This analytic paper has explored a fundamental discussion of whether esports is a sport in the traditional sense or not, and what implications this discussion might have in terms of forming public-private partnerships. Furthermore, this paper has presented the notion that partnerships can take on various forms, which is why a graduation based on the 5 elements of partnerships (facility, capital investments, infrastructure, education and formalized strategy) is recommended for use in further research. This will provide researchers with a tool for evaluating the degree of involvement between the public and private entities.

Most importantly this paper has answered its essential question ***“Which factors are relevant for public-private partnerships in relation to e-sport events?”*** by presenting the motives for partnerships as listed below:

- Positive (non-monetary) externalities
- Public KPI's
- City branding & image-fit
- Tourism & multiplier effect
- Interdependencies between public and private investors

It is recommended that further research uses these motives to investigate relationships between higher levels of partnerships, the degree of their success and the underlying motives of these partnerships. This could bring about a significant development within the esports industry, as it could provide public and private entities with a “cook-book” upon which to structure their partnership in coherence with their respective and collective ambitions.

## Bibliography

- Almlund, U., Bang, S., & Brandt, H. H. (2007). *Idrættens største arenaer*. Lokale- og anlægsfonden.
- Andersen, J. (04. May 2019). *Esport ind i forbund of foreningsliv*. Hentet fra DIF:  
[https://www.dif.dk/da/politik/nyheder/viaritzaupolitik/presse/2019/5/20190504\\_esportindiforbundogforeningsliv?fbclid=IwAR33Ku4iUUUyh\\_1GAin1r4SkJ7BHtcjtvj3orvvpvGleIHU6xTysD6RyoFE](https://www.dif.dk/da/politik/nyheder/viaritzaupolitik/presse/2019/5/20190504_esportindiforbundogforeningsliv?fbclid=IwAR33Ku4iUUUyh_1GAin1r4SkJ7BHtcjtvj3orvvpvGleIHU6xTysD6RyoFE)
- Andersen, S. (11.. February 2017). *Her kan du tage esport på en efterskole*. Hentet fra Gaming.dk:  
<https://gaming.dk/articles/3475-her-kan-du-tage-esport-pa-en-efterskole>
- Ballard, J. (10. June 2018). *Esports Is Already Nearing \$1 Billion in Revenue for Activision Blizzard*. Hentet fra The Motley Fool: [https://www.fool.com/pwa/investing/2018/06/10/esports-is-already-nearing-1-billion-in-revenue-fo.aspx?\\_\\_twitter\\_impression=true](https://www.fool.com/pwa/investing/2018/06/10/esports-is-already-nearing-1-billion-in-revenue-fo.aspx?__twitter_impression=true)
- BBC. (25. April 2018). *Paris 2024 Olympics: Esports 'in talks' to be included as demonstration sport*. Hentet fra BBC: <https://www.bbc.com/sport/olympics/43893891>
- BBC Sport. (6. September 2018). *BBC*. Hentet 5. June 2019 fra  
<https://www.bbc.com/sport/football/45439883>
- Bentsen, B. (04. November 2018). *Lars Løkke: I er sportsudøvere*. Hentet fra tv2.dk:  
<http://sport.tv2.dk/video/bG9ra2V0YWxlX3R4dA>
- Bloom, D. (31. May 2019). *Esports Stadiums Are Popping Up Everywhere*. Hentet fra Forbes:  
<https://www.forbes.com/sites/dbloom/2019/05/31/esports-stadiums-are-popping-up-everywhere/#4dcf0a372521>
- Bollerslev, A. (21.. March 2019). *Forsvaret søger og ansætter flere gamere*. Hentet fra DR:  
<https://www.dr.dk/ligetil/indland/forsvaret-soeger-og-ansaetter-flere-gamere?fbclid=IwAR2Drmlzjvu7kkIRXg6mvdSsUFokKm5TvjFHJ5O5o45MDPFQbPAQ1HO9HKg#!/>
- Brenda, H. (2017). Spectating the Rift: A Study into eSports Spectatorship. *eSports Yearbook 2015/16*, 9-35.
- Butt, Z. (27.. March 2019). *REGION H MED STOR STØTTE TIL COPENHAGEN GAMES*. Hentet fra eSport.dk:  
[https://esport.dk/article/1054/region-h-med-stor-sttte-til-copenhagen-games?fbclid=IwAR3dbuYwXbtBY-9HHsIY3\\_vDbFIIN\\_ib3pget0F73JzDqCYccY80uA5PH4](https://esport.dk/article/1054/region-h-med-stor-sttte-til-copenhagen-games?fbclid=IwAR3dbuYwXbtBY-9HHsIY3_vDbFIIN_ib3pget0F73JzDqCYccY80uA5PH4)
- Cambridge Dictionary. (n.d.). Retrieved from Cambridge dictionary: <https://dictionary.cambridge.org/>
- Cunningham, G. B., Fairley, S., Ferkins, L., Kerwin, S., Lock, D., Shaw, S., & Wicker, P. (February 2018). eSport: Construct specifications and implications for sport management. *Sport Management Review, Vol. 21*(Issue 1), s. 1-6.
- DGI. (n.d.). *Esport i DGI*. Retrieved June 19, 2019, from DGI:  
[https://www.dgi.dk/esport/esport?fbclid=IwAR3ZgDDOGkg\\_00IK0hrz0PvUMtrtedo4VLoEcE2RgjQMt3kjkKNvqfpICHU](https://www.dgi.dk/esport/esport?fbclid=IwAR3ZgDDOGkg_00IK0hrz0PvUMtrtedo4VLoEcE2RgjQMt3kjkKNvqfpICHU)
- DIF. (n.d.). *Idrættens historie i Danmark*. Retrieved from DIF:  
<https://www.dif.dk/da/historie/idraetshistorie/idraettens-s-historie-s-i-danmark>
- Downard, P., Dawson, A., & Dejonghe, T. (2009). *Sports economics - theory, evidence and policy*. Abingdon: Taylor & Francis Ltd.

- Dragin-Jensen, C., & Kwiatkowski, G. (27. August 2018). Image interplay between events and destinations. *Growth and change*.
- Elder, R. (20. March 2017). *The esports audience is escalating quickly*. Hentet fra Business Insider: <https://www.businessinsider.com/the-esports-audience-is-escalating-quickly-2017-3?r=US&IR=T>
- Elliot, R. (18. April 2019). *YouTube Contends with Twitch as Streamers Establish Their Audiences*. Hentet fra Newzoo: <https://newzoo.com/insights/articles/youtube-contends-with-twitch-as-streamers-establish-their-audiences/>
- Elsam, S. (21. August 2018). *Esports Medal Inclusion for 2022 Asian Games Put on Hold*. Hentet fra The Esports Observer: <https://esportsobserver.com/esports-asian-games-medals-on-hold/>
- ESL. (2019). *Counter-Strike:GO WORLD RANKING*. Hentet fra eslgaming: <https://www.eslgaming.com/worldranking/csgo#/>
- ESL. (n.d.). *Brands & Products*. Retrieved from ESL: <https://about.eslgaming.com/brands-products/>
- European Commission . (11. July 2007). *Whitepaper on Sport*. Hentet fra EUR-Lex: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52007DC0391>
- Fonnesbech-Sandberg, M., & Rich, R. (2017). *Turismens økonomiske betydning i Danmark 2017*. København S: VisitDenmark.
- Funk, D. C., Pizzo, A. D., & Baker, B. J. (2018). eSport management: Embracing eSport education and research opportunities. *Sport Management Review*, 21, s. 7-13.
- Gibbs, M., Carter, M., Cumming, D., Fordyce, R., & Witkowski, E. (2018). *Esports Spectatorship in Australia*. Networked Society institute, University of Melbourne.
- Graham, B. A. (18. April 2017). *eSports to be a medal event at 2022 Asian Games*. Hentet fra The Guardian: <https://www.theguardian.com/sport/2017/apr/18/esports-to-be-medal-sport-at-2022-asian-games>
- Guttman, A. (1978). From ritual to record: The nature of modern sports. *New York: Columbia university press*.
- Hallmann, K., & Giel, T. (February 2018). eSports - competitive sports or recreational activity. *Sport management review*, Vol. 21(Issue 1), s. 14-20.
- Hamari, J., & Sjöblom, M. (2017). What is eSports and why do people watch it? *Internet Research*, Vol.27(No. 2), s. 211-232.
- Hamilton, W. A., Garretson, O., & Kerne, A. (2014). Streaming on twitch: fostering participatory communities of play within live mixed media. *CHI '14 Proceedings of the SIGCHI Conference on Human Factors in Computing Systems*, 1315-1324.
- Handley, L. (5. February 2019). *CNBC - Marketing, Media, Money*. Hentet 5. June 2019 fra CNBC: <https://www.cnbc.com/2019/02/05/super-bowl-draws-lowest-tv-audience-in-more-than-a-decade-nielsen.html>
- Handley, L. (5.. February 2019). *Super Bowl draws lowest TV audience in more than a decade, early data show*. Hentet fra CNBC: <https://www.cnbc.com/2019/02/05/super-bowl-draws-lowest-tv-audience-in-more-than-a-decade-nielsen.html>

- Hayward, A. (30. August 2018). *A Guide to Esports at the 2018 Asian Games*. Hentet fra The Esports Observer: <https://esportsobserver.com/esports-asian-games/>
- Heere, B. (18. February 2018). Embracing the sportification of society: Defining e-sports through a polymorphic view on sport. *Sport Management Review*, Vol. 21(Issue 1.), s. 21-24.
- Hodge, G., & Greve, C. (July 2016). On Public–Private Partnership Performance: A Contemporary Review. *Sage Journals*.
- Ibsen, B., & Eichberg, H. (2006). *Dansk idrætspolitik - mellem frivillighed og statslig styring*. København: Idrættens analyseinstitut.
- Jenny, S. E., Keiper, M. C., Taylor, B. J., Williams, D. P., Gawrysiak, J., Manning, R. D., & Tutka, P. M. (spring 2018). eSport Venues - A New Sport Business Opportunity. *Journal of Applied Sport Management*, Vol. 10(No. 1).
- Jonasson, K., & Thiborg, J. (March 2010). Electronic sport and its impact on future sport. *Sport in society: Cultures, Commerce Media, Politics*, Vol. 13(No. 2), s. 287-299.
- Keiper, M. C., Manning, R. D., Jenny, S., Olrich, T., & Croft, C. (April 2017). No reason to LoL at Lol: the addition of esports to intercollegiate athletic departments. *Journal for the study of sports and athletes in education*.
- Kershaw, T. (18. October 2018). Karren Brady: West Ham United would be interested in purchasing the London Stadium. *The Independent*. Hentet 5. June 2019 fra <https://www.independent.co.uk/sport/football/premier-league/west-ham-karren-brady-london-olympic-stadium-premier-league-efl-a8589826.html>
- Lee, D., & Schoenstedt, L. J. (2011). Comparison of eSports and Traditional Sports consumption Motives. *ICHPER-SD Journal of Research*, Vol. 6 (No. 2), s. 39-44.
- Llorens, M. R. (2017). eSport Gaming: The Rise of a New Sports practice. *Sport, Ethics and Philosophy*, Vol. 11(No. 4), s. 464-476.
- Lundt, S. A. (7.. March 2017). *E-sport: Før var det en hobby - nu er det en uddannelse*. Hentet fra BT: <https://www.bt.dk/danmark/e-sport-foer-var-det-en-hobby-nu-er-det-en-uddannelse>
- Mathiesen, K. (2. August 2017). Skatteborgere med til at betale for Efb's genrejsning. *Jydske Vestkysten*. Hentet 5. June 2019 fra <https://www.jv.dk/esbjerg/Skatteborgere-med-til-at-betale-for-EfBs-genrejsning/artikel/2527146>
- Ministry of Cultural affairs. (2019). *National strategy for esports*.
- Ministry of Industry, Business and Financial Affairs. (2017). *Redegørelse om erhvervsfremme og støtte 2017*.
- Nagel, M. S., & Sugishita, K. (2016). eSports: The Fastest Growing segment the "sport" industry. *Sport & Entertainment Review*, s. 51-60.
- Nielsen, J. (2008). *Events i den danske oplevelsesøkonomi*. Frederiksberg: Samfundslitteratur.
- OCA. (14. May 2018). *OCA approves 2018 Asian Games E-Sports events*. Hentet fra Olympic Council of Asia (OCA): <http://www.ocasia.org/News/GetNewsbyNewsID?NewsId=7850>

- Osborne, S. (2000). *Public-Private Partnerships: Theories and Practice in International Perspective*. London: Routledge - Taylor & Francis group.
- Oxford Living Dictionaries. (n.d.). *gamer*. Retrieved May 31., 2019, from Oxford living Dictionaries: <https://en.oxforddictionaries.com/definition/gamer>
- Palludan, R. R. (22.. May 2017). E-sport-forening modtager for første gang offentlige midler. *Jyllands-Posten*. Hentet fra <https://jyllands-posten.dk/kultur/ECE9595413/esportsforening-modtager-for-foerste-gang-offentlige-midler/>
- Pannekeet, J. (06. December 2018). *Tournaments for the West's Four Biggest Esports Games Generated 190.1 Million Hours of Live Viewership on Twitch and YouTube Gaming*. Hentet fra Newzoo: <https://newzoo.com/insights/articles/tournaments-for-the-wests-four-biggest-esports-games-generated-190-1-million-hours-of-viewership/>
- Pannekeet, J. (12. February 2019). *Newzoo: Global Esports Economy Will Top \$1 Billion for the First Time in 2019*. Hentet fra Newzoo: <https://newzoo.com/insights/articles/newzoo-global-esports-economy-will-top-1-billion-for-the-first-time-in-2019/>
- Parry, J. (12. July 2018). E-sports are Not Sports, Sport, Ethics and Philosophy. *Sport, Ethics and Philosophy*.
- Pizzo, A. D., Baker, B. J., Na., S., Lee, M. A., Kim, D., & Funk, D. C. (2018). eSport vs. Sport: A comparison of Spectator Motives. *Sport Marketing Quarterly, Vol. 27*(No. 2), s. 108-123.
- Pollack, C. (18.. June 2019). *ESPORTS TAKES STEP CLOSER TO OLYMPIC INCLUSION*. Hentet fra ESTNN: <https://estnn.com/esports-takes-step-closer-to-olympic-inclusion/>
- Preuss, H. (January 2006). *Lasting Effect on Major Sporting Events*. ResearchGate.
- Richards, G., & Palmer, R. (2010). *Eventful cities*. Oxford: Butterworth-Heinemann (Elsevier).
- Rodgers, B. (1977). *Rationalising sports policies: Sport in its social context. International comparisons*. Strasbourg.
- Royal Arena. (n.d.). *KOMMENDE ARRANGEMENTER*. Retrieved from Royal Arena: <https://www.royalarena.dk/events>
- Royal Arena. (n.d.). *Om Royal Arena*. Retrieved from royalarena.dk: <https://www.royalarena.dk/om-royal-arena>
- Rudolf, K., Grieben, C., Achtzehn, S., & Froböse, I. (2016). *Stress im eSport – Ein Einblick in Training und Wettkampf*.
- Sandemand, S., & Thomsen, J. B. (04.. September 2017). *Skydespil er kommet på skoleskemaet i folkeskolen*. Hentet fra DR: <https://www.dr.dk/nyheder/regionale/syd/skydespil-er-kommet-paa-skoleskemaet-i-folkeskolen>
- Seo, Y. (August 2013). Electronic sports: A new marketing landscape of the experience economy. *Journal of Marketing Management, Vol. 29*(Nos 13/14), s. 1542-1560.
- Shellard, D. (2004). Economic impact study of UK theatre. *ResearchGate*, 20.
- Sjöblom, M., & Hamari, J. (2016). Why do people watch others play video games? An empirical study on the motivations of Twitch users. *Computers in Human Behavior, s. 1-2*.



- Slack, T. (2004). *The commercialisation of sports*. New York: Routledge.
- Storm, R. K., & Brandt, H. H. (2008). *Idræt og sport i den danske oplevelsesøkonomi - mellem forening og forretning*. København: Samfundslitteratur.
- Tassi, P. (14. July 2013). *The U.S. Now Recognizes eSports Players As Professional Athletes*. Hentet fra Forbes: <https://www.forbes.com/sites/insertcoin/2013/07/14/the-u-s-now-recognizes-esports-players-as-professional-athletes/#65849d6a3ac9>
- Taylor, P., & Gratton, C. (2000). *The Economics of Sport and Recreation*. doi:10.4324/9780203474839
- The Esports Observer. (n.d.). *An Introduction to the Esports Ecosystem*. Retrieved from The Esports Observer: <https://esportsobserver.com/the-esports-eco-system/>
- The free dictionary. (n.d.). *gamer*. Retrieved May 31., 2019, from the free dictionary: <https://www.thefreedictionary.com/gamer>
- theScore esports. (2019). *Why is Denmark so good at esports?* Hentet fra youtube: [https://www.youtube.com/watch?v=J8RDGWgW4ZA&feature=youtu.be&fbclid=IwAR2z-j\\_K7jv1W4ktpXf\\_c1wBcs-qkiGe648TfCORKMECKtwkL0dfYCV\\_MeM](https://www.youtube.com/watch?v=J8RDGWgW4ZA&feature=youtu.be&fbclid=IwAR2z-j_K7jv1W4ktpXf_c1wBcs-qkiGe648TfCORKMECKtwkL0dfYCV_MeM)
- Weihe, G. (2008). Public-Private Partnerships and Public-Private Value trade-offs. *Public Money and Management*, s. 153-158.
- Weiss, T. (2011). Fulfilling the Needs of eSports Consumers: A Uses and Gratifications Perspective. *BLLED 2011 Proceedings*. 30.
- WESA. (13. May 2016). *WESA (World Esports Association) founded*. Hentet fra WESA: <http://www.wesa.gg/2016/05/13/world-esports-association-wesa-founded/>
- WHO. (23. February 2018). *www.who.int/news-room*. Hentet fra www.who.int: <https://www.who.int/news-room/fact-sheets/detail/physical-activity>